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Memo for record *JAL*Office Memorandum • UNITED STATES GOVERNMENT *AM*

TO : Files

DATE: 8 February 1952

FROM : Chief, Budget Division

SUBJECT: Meeting attended pertaining to CIA participation in a statistical project in connection with the Battle Act

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1. I attended a meeting on 6 February 1952 with Dr. [] and other representatives of ORR at MSA to discuss financing of a special Statistical Unit which must be established in connection with the administration of the Battle Act. The Battle Act prohibits making available MSA funds to countries which engage in trade with the Soviet Union. The Statistical Unit would be engaged in collecting statistical data relative to the movement of commodities. As Dr. [] pointed out at the meeting, CIA as well as the other interested agencies which were present at the meeting (State, Commerce, MSA), would benefit in their activities from the data made available by the Statistical Unit and, in each instance, would have to undertake the work to a certain extent if it was not performed by such a central unit.

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3. It was pointed out that the total cost of the special Statistical Unit for the balance of fiscal year 1952 is estimated at \$47,374, including \$6,000 for reproduction of the material. It is further estimated that the estimated cost for fiscal year 1953 would be approximately \$130,000. The independent office which has been established in Mr. Harriman's office for administration of the Battle Act has received an allocation from the President of \$200,000 for the remainder of fiscal year 1952. Representatives of the Battle Act Administration indicated that they would be able to finance about 50% of the cost of the special Statistical Unit and requested information as to the extent of the ability of the other interested agencies to contribute the remaining 50%, or approximately \$23,500. State Department indicated that it had no funds available for this purpose. The Commerce Department indicated that, inasmuch as the Statistical Unit would be under their jurisdiction, that they would be providing general professional supervision of the project as well as facilities as their contribution. Such costs were not reflected in the totals indicated above and, therefore, it was suggested that the estimate be revised to reflect the total cost. The representative of MSA indicated that he had not discussed the question with his budget office but that there was concern over ability to participate under the present MSA personnel ceiling. It was pointed out that such a contribution would not appear to effect the personnel ceiling and it was agreed that the matter would be discussed further with the MSA budget office. Dr. [] pointed out that, inasmuch as CIA would definitely benefit from the project, that we would be interested in participating but that no definite commitments could be made until the project was considered by the Agency's Projects Review Committee.

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4. I raised the question as to whether the method of financing of the special Statistical Unit had been discussed with Budget Bureau representatives. It was indicated that only very preliminary discussions had been held without any determinations being made and it was, therefore, the consensus of the group that a Budget Bureau approval of the plan should be secured before a final determination was made as to the nature and extent of the financing by the participating agencies.

5. During the discussion, it was pointed out that the Battle Act indicated that administrative funds would be secured from MSA appropriations. It was agreed that this provision should be reviewed inasmuch as GAO might rule that such a specific provision would rule out other sources of financing. It was pointed out, however, that the subject project involved objectives broader than that of administering the Battle Act and, therefore, it appeared that for such supplementary activities other sources of financing would be permissible. Dr. [] indicated to me later after the meeting that in order to protect our interests, he believed it preferable that we contribute to the project if it is possible rather than to have the entire project financed by the special office that has been set up to administer the Battle Act.

6. It was agreed that the Commerce Department would prepare a revised estimate of the total cost and that the participating offices would submit memoranda during the next week indicating the value of the project to the agency. It was then agreed that the next step would be to discuss the method of financing with representatives of the Bureau of the Budget. At such time as the project is fully developed and the CIA estimate is known, it will then be necessary, of course, to submit the item to the Projects Review Committee for approval. Dr. [] requested that I work with Mr. [] of ORR in the development of a memorandum requested at the meeting.

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P. S. I met with Mr. [] on 8 February 1952 and assisted him in the draft of a memorandum which he is submitting to Dr. [] for signature. Relative to budget, I included the following paragraph in the memorandum in line with paragraph 4 above: "As discussed at the meeting, it is believed desirable that the method of financing the subject project be taken up with representatives of the Bureau of the Budget before a final determination is made concerning the contributions that may be necessary from this and other contributing agencies."

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